

Process no 10951.000426/99-72

p. 4011

LOAN AGREEMENT of August 4th 2000 BETWEEN

THE REPUBLIC FEDERATIVE OF BRAZIL,

represented by

MINISTRY OF FINANCE OF BRAZIL,

represented by *Ilue Souza PORTIELLA*

hereinafter designated as the "Borrower"

AND

BNP PARIBAS

whose registered office is located at

16 boulevard des Italiens

75009 Paris (FRANCE)

represented by *Tr Philippe BLAVIER*

SOCIETE GENERALE

whose registered office is located at

29 Bld Haussmann

75 009 Paris (France)

represented by *Frederic genet.*

- CREDIT AGRICOLE INDOSUEZ

(Participant)

whose registered office is located at
*9 quai du President Paul Doumer
92 920 Paris La Defense*

represented by M. *LOUIS...CAVILLONAC*

- CREDIT COMMERCIAL DE FRANCE

(Participant)

whose registered office is located at

103 Avenue des Champs Elysees 75008 Paris

represented by M. *Philippe...GENEL*

- CREDIT LYONNAIS

(Participant)

whose registered office is located at

*18 rue de la Republique
Lyon*
represented by M. *Edith CHONENIOWSKI*

hereinafter referred to all together as the « Banks » and individually as a « Bank » ;

BNP PARIBAS, acting as agent for the Banks,

hereinafter referred to as « Agent »

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INTRODUCTION

WHEREAS :

1. On March 31, 1998, the Department of Federal Policy of Ministry of Justice of Brazil (the « Buyer » as defined in greater detail in Article « Definitions » below) concluded with Société Française d'Exportation de Matériels, Systèmes et Services du Ministère de l'Intérieur, SOFREMI S.A. (the « Supplier » as defined in greater detail in Article « Definitions » below) a commercial contract n°021/98 – CCA/DPF and two Amendments n°01/98, n°02/98 and n°03/98 for the supply of various equipment in connection with the PRO-AMAZONIA/PROMOTEC projects (hereinafter the « SOFREMI Contract »).

The SOFREMI Contract price amounts to USD 395.290.000,00 (three hundred and ninety five million two hundred and ninety thousand US Dollars) and includes:

- a French part of USD 197.645.000,00 (one hundred and ninety seven million six hundred and forty five thousand US Dollars) (hereinafter « French Part »), which is split up into:
 - a French Repatriable Portion as defined in Article « Definitions » below
 - a Local Portion as defined in Article « Definitions » below
- a German part of USD 197.645.000,00 (one hundred and ninety seven million six hundred and forty five thousand US Dollars) (hereinafter « German Part »),.

The terms of payment of the SOFREMI Contract are as follows :

For the French Part :

- 15 % of the French Part of the SOFREMI Contract, i.e. USD 29.646.750,00, and called hereinafter « French Down Payments », will be paid by drawing on the Loan Agreement made available to the Borrower by the Banks, (hereinafter "Loan Agreement"), and which is the purpose of the Tranche A of the present Loan Agreement,
- the balance of the French Part of the SOFREMI Contract, i.e. USD 167.998.250,00, shall be paid by drawing on the Buyer Credit made available to the Borrower by banks (hereinafter "Credit Agreement"), in accordance with the procedures and within the periods laid down in the SOFREMI Contract.

For the German Part :

- 15 % of the German Part of the SOFREMI Contract, i.e. USD 29.646.750,00, and called hereinafter "German Down Payments", will be paid by drawing on a Loan Agreement made available to the Borrower by KfW (hereinafter « KfW Loan Agreement »), in accordance with the procedures and within the periods laid down in the SOFREMI Contract.
- the balance of the German Part of the SOFREMI Contract, i.e. USD 167.998.250,00, shall be paid by drawing on a Buyer Credit made available to the Borrower by KfW (hereinafter « KfW Credit Agreement »), in accordance with the procedures and within the periods laid down in the SOFREMI Contract.

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2. The Buyer also concluded or will conclude with various Brazilian suppliers (the « Brazilian Supplier » as defined in greater detail in Article « Definitions » below) a contract or various contracts for the supply of goods and services in connection with the PRO-AMAZONIA / PROMOTEC projects as well as with the SOFREMI Contract, (hereinafter designated individually as the « Brazilian Contract » and collectively as « Brazilian Contracts »).

The Brazilian Contracts price is presently estimated at USD 30.000.000,00 (thirty million US Dollars).

The Brazilian Contracts only include a « Brazilian Part » as defined in greater detail in Article « Definitions » below.

The financing for the Brazilian Part is as follows:

- 50% of the Brazilian Part shall be paid by drawing on the Loan Agreement made available to the Borrower by the Banks, (hereinafter "Loan Agreement"), and which is the purpose of the Tranche B of the present Loan Agreement ;
- 50% of the Brazilian Part shall be paid by drawing on a Loan Agreement made available to the Borrower by KfW, (hereinafter "KfW Loan Agreement").

The Banks give official notice to the Borrower of these declarations and take note of the indications included in them, but only insofar as these indications are useful for the payment instructions given below.

NOW THEREFORE THE PARTIES HÈREBY ENTER INTO THE FOLLOWING AGREEMENT :



ARTICLE 1 - DEFINITIONS

For the needs of the present Loan Agreement, the following terms, when they are written with an initial capital letter, are to be understood in the meaning given to them below :

"Banks"	the Banks signing the present Loan agreement with the Borrower ;
"Banking Day":	a full day on which dealings in USD are carried on in the London Interbank deposit Market and on which banks are open for business in London, Paris, New York and Brasilia;
"Brazilian Supplier"	Brazilian company(ies), operating under Brazilian law, which has(ve) signed at least one Brazilian Contract with the Buyer, and which will not perform it under the responsibility of the Supplier ;
"Brazilian Contract(s)"	as defined in the Introduction ;
"Brazilian Part"	consists of goods and services supplied by the Brazilian Supplier, not under the responsibility of the Supplier, to implement the Brazilian Contracts ;
"Buyer":	Uniao Federal through the Departamento de Policia Federal ("D.P.F") / Ministério da Justiça do Brasil, operating under the law of BRAZIL, registered in the CGC/MF under the number 00.394.494/0014-50, having its registered office in Brasilia, Edificio Sede, no Setor de Autarquias Sul, Quadra 06, Lotes 09 e 10 ;
"Credit Agreement":	the Buyer Credit Agreement, including its Appendices as well as later amendments thereto, if any ;
"Drawing":	Any payment by the Agent, on behalf of the Banks, under the conditions laid down in Article « Drawings on the Loan - Payment Instructions by the Borrower » ;
"Drawing Period":	Period starting on the date of signing of this Loan Agreement and ending : 12 (twelve) months after said date for the Tranche A, 52 (fifty two) months after said date for the Tranche B;
"Due date"	each of the dates calculated every 6 (six) months from the date of signing of the Loan agreement;
"External Liability"	means any indebtedness for or in respect of amounts borrowed or raised under any loan or credit facility or guarantee issued by the Borrower which is denominated in a currency other than the lawful currency of Brazil ;
"Final Dates for Drawing"	the dates after which no drawing may be made under the Loan, as defined in Article « Drawings on the Loan - Payment Instructions by the Borrower » ;

"French Repatriable Portion"	consists of : - goods and services of French origin supplied to implement the SOFREMI Contract ; - goods and services (including freight and insurance of all kinds) which have been subcontracted by the Supplier and therefore are performed under his responsibility originating from countries other than the country of the Borrower and France and incorporated in the deliveries and services of the Supplier, within the limits and on the conditions laid down by the French Authorities ;
"Interest Rate"	The aggregate of the Reference Rate and the Margin;
"Interest Period":	a period of time going from a Due Date (inclusive) to the following Due Date (exclusive). However, for each Drawing, the first Interest Period shall go from the date of the said Drawing (inclusive) to the following Due Date (exclusive) ;
"KfW Credit Agreement":	the Buyer Credit Agreement made available to the Borrower by KfW ;
"KfW Loan Agreement":	the Loan Agreement made available to the Borrower by KfW ;
"Loan":	the maximum amount in terms of principal that may be used by the Borrower under the present Loan Agreement as indicated in Article « Amount and Purpose of the Loan Agreement » ;
"Loan Agreement":	the present Loan Agreement, including its Schedules as well as later amendments thereto, if any, made available to the Borrower by the Banks ;
"Local Portion"	consists of goods and services originating from the Borrower's country supplied, under the responsibility of the Supplier, to implement the SOFREMI Contract ;
"Majority of Banks"	Banks whose participation in the Loan and then after the first Drawing in the Loan exceed 66% ;
"Margin"	3,60% (three point sixty per cent) per annum for the Tranche A, 4,20% (four point twenty per cent) per annum for the Tranche B;
"Outstanding Amount"	at any time whatsoever, the amount in terms of principal of the Loan that has been used but not repaid by the Borrower ;
"Participation":	participation of each Bank in the Loan up to the maximum amount set opposite its name in Schedule A;
"Pro Forma Invoice"	the "pro forma" invoice as specified in the Article 7, paragraph 4 of the SOFREMI Contract ;
"Real or Reais"	The lawful currency of the Republic of Brazil ;

"Reference Rate"

the London Interbank Offered Rate for six (6) months on USD as published by « REUTER » on page 3750 (or any other page replacing it) at 11:00 a.m. (London time) two Banking Days before the day of Drawing or of renewal (rounded up to the nearest 1/16th of 1% per annum if necessary) hereinafter called « Reference Rate » ;

Should the Interest Period be lower than 6 months, the reference rate will be calculated at the LIBOR of the relevant interest Period (i.e. the 1-month to 6-month rate, or, in case of an Interest Period not corresponding to a rounded number of months, the interpolation rate calculated in accordance with banking practices) two Banking Days before the day of the relevant interest period.

If the rate for any Interest Period whatsoever is not determined under the conditions set forth above, the reference rate shall be equal to the arithmetic mean of the rates quoted on the USD toward 11:00 a.m. two Banking Days preceding the first day of the said Interest Period, for a duration of six (6) months (or, in case of the first Interest Period relative to each Drawing, for the duration rounded to the next higher number of months) by three banks among the following reference banks :

BNP PARIBAS
Société Générale
CA Indosuez
Natexis Banque
CIC Paris

once the highest and the lowest quotation are eliminated;

If the rate for any Interest Period whatsoever is not determined under the conditions set forth above, the reference rate shall be equal to the arithmetic mean of the rates quoted on the USD toward 11:00 a.m. two Banking Days preceding the first day of the said Interest Period, for a duration of six (6) months (or, in case of the first Interest Period relative to each Drawing, for the duration rounded to the next higher number of months) by three banks among the five of the major banks of the world, once the highest and the lowest quotation are eliminated;

"SOFREMI Contract":

The Commercial Contract n°021/98 CCA/DPF signed March 31, 1998 and its Amendments n°01/98, n°02/98 and n°03/98, as defined in the Introduction ;

"Supplier":

Société Française d'Exportation de Matériels, Systèmes et Services du Ministère de l'Intérieur, SOFREMI S.A., operating under French law, with a capital of 11.867.000 French francs, whose registered office is located in France, at 5, avenue de Messine, 75008 Paris, registered in the Trade and Companies Register of Paris under number B 335 275 715 ;

"Tranche A ":

As defined in the Introduction .

"Tranche B ":

As defined in the Introduction .

"US Dollar(s)" or " USD ":

the lawful currency of the United States of America .

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ARTICLE 2 - AMOUNT AND PURPOSE OF THE LOAN AGREEMENT

- 2.1. The obligations of the Banks hereunder are several. The failure of any Bank to perform its obligations hereunder shall not affect the obligations of the Borrower towards the other Banks, nor shall the other Banks be liable for the failure of such Bank to perform its obligations.
- 2.2. The Banks shall make available to the Borrower, pursuant to the terms and conditions set forth in the present Loan Agreement, a Loan for a maximum amount of USD 44.646.750,00 (fourty four million six hundred and forty six thousand seven hundred and fifty US Dollars), which will be split up into a Tranche A of USD 29.646.750,00 and a Tranche B of USD 15.000.000,00, to enable it to :
- 2.2.1. for the French Down Payments, pay the Supplier, in accordance with the specific conditions as indicated in Article « Drawings on the Loan - Payment Instructions by the Borrower », on behalf of the Borrower,
- the 15% French Down Payments, up to a maximum amount USD 29.646.750,00,
- 2.2.2. for the 50 % of the Brazilian Part, make available directly to the Borrower, in accordance with the specific conditions as indicated in Article « Drawings on the Loan - Payment Instructions by the Borrower »,
- up to a maximum amount of USD 15.000.000,00
 - and in any case not more than 17,50% (seventeen point fifty percent) of the French Part financed by drawing on the Credit Agreement
- 2.3. This Loan Agreement is granted for a maximum term of :
- 60 (sixty) months from the date of signing of this Loan Agreement for the Tranche A,
 - 84 (eighty four) months from the date of signing of this Loan Agreement for the Tranche B.
- 2.4. Should the amount of the Credit Agreement, and/or of the SOFREMI Contract be reduced for any reason whatsoever, the amount of the Loan Agreement shall be reduced in the same corresponding proportion.
- 2.5. This reduction should be made by reducing the amounts available for drawing thereunder should it happen within the Drawing Period and/or by the Borrower reimbursing the relevant amounts should it happen after full Drawing of the Loan or after the end of the Drawing Period.



ARTICLE 3 - CONDITIONS PRECEDENT

The Borrower will not be entitled to request Drawings on the present Loan, according to the provisions set out below in Article « Drawings on the Loan - Payment Instructions by the Borrower », until the following conditions have been fulfilled to the satisfaction of the Banks.

- 3.1 Following signature of the present Loan Agreement, and within a reasonable period of time, the Borrower shall have to supply the Agent with the following documents :
 - 3.1.1 a legal opinion emanating from the Borrower's legal advisor, drawn up on the basis of the model in Schedule C ;
 - 3.1.2 the number of the registration operation of the Loan Agreement in the Register of Financial Operation - ROF - system, of the Central Bank of Brazil authorising the Borrower to acquire and transfer the US Dollars required for performance of all its payment obligations under the present Loan Agreement ;
 - 3.1.3 the attestation sent by the Buyer to the Supplier certifying the date of coming into force of the SOFREMI Contract ;
 - 3.1.4 proof that the SOFREMI Contract has been approved by the competent authorities of the Borrower's country (Diario Oficial da União);
 - 3.1.5 remittance of the power and specimen of the signature(s) (of each) of the Borrower's representative(s) duly empowered to sign the present Loan Agreement ;
 - 3.1.6 remittance of the power and specimen of signature of the representatives of the Borrower and the Buyer for the documents provided for in Schedule B ;
 - 3.1.7 fulfilment of all the conditions precedent listed in the Credit Agreement, except for the payment of the French and German Down Payments;
 - 3.1.8 a copy of the SOFREMI Contract.
- 3.2 Furthermore, the Banks shall not be required to draw on the Loan until the Agent has received
 - 3.2.1 - From the Borrower, payment of all amounts payable in connection with the present Loan Agreement, according to Articles « Commitment Fee - Management Fee » and « Taxes - Duties - Expenses».
 - 3.2.2 - From KfW, a written confirmation that KfW Credit Agreement and KfW Loan Agreement are in full force and effect and that its conditions precedent are fulfilled except for the corresponding conditions of KfW Credit Agreement (Article 11.1.g) and KfW Loan Agreement (Article 10.1.g).

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ARTICLE 4 - DRAWINGS ON THE LOAN - PAYMENT INSTRUCTIONS BY THE BORROWER

4.1 Subject to the specifications and the provisions of Articles « Amount and Purpose of the Loan Agreement » and « Conditions Precedent », the Banks shall fulfil its commitment to make the Loan available only (i) by paying the French Down Payments to the Supplier, on behalf of the Borrower and in its name and (ii) by making the funds directly available to the Borrower for the Brazilian Part.

For this purpose, the Borrower hereby gives the following mandate to the Banks (i) to pay in its name and on its behalf to the Supplier the French Down Payments, and (ii) to make available directly to the Borrower for the Brazilian Part, the sums mentioned in Article « Amount and Purpose of the Loan Agreement » above, under the conditions and against presentation to the Agent of the documents provided for in the Schedule B ;

4.2 The mandate granted in Article 4.1 is irrevocable.

4.3 Within ten (10) Banking Days following the delivery to the Agent of the documents listed in Schedule B, provided that the Agent has checked that they are in compliance as per paragraph 4.6 below, the payments in USD will be made by the Agent, on behalf of the Banks, into:

- the Supplier's account, or the account of any Company mentioned by the Supplier, opened in the Agent's books,
- the Borrower's account opened in Banco do Brasil – New York (USA) number 810 380 118.

4.4 The Banks shall not be obligated to effect more than one Drawing per calendar month for amounts of less than USD 1.000.000, except for the last Drawing.

4.5 At the time of each Drawing, the Agent shall inform the Borrower of the amount and of the date of Drawing.

4.6 The Agent's examination of the documents, on behalf of the Banks, provided for in schedule B shall be limited to checking on their appearance of compliance in the meaning given to that expression by the Uniform Customs and Practices for Documentary Credits published by the International Chamber of Commerce (last version).

4.7 For the Tranche A no Drawing may take place beyond 12 months from the Date of signing of this Loan Agreement, for the Tranche B no Drawing may take place beyond 52 months from the Date of signing of this Loan Agreement, these dates being hereinafter called the "Final Dates for Drawing".

4.8 Each payment carried out by the Banks shall result in an irrevocable undertaking of repayment in his favour by the Borrower of the amount of the said payment.

4.9 Specific conditions for financing the Brazilian Part by drawing under the Loan Agreement:

At the date of signature of the present Loan Agreement, the deliveries and services are not entirely defined neither between the Buyer and the Supplier in view of the SOFREMI Contract, nor between the Buyer and the Brazilian Supplier in view of the existing or still to be concluded Brazilian Contracts.

Therefore, before each Drawing to finance the Brazilian Part, it is agreed as follows:

- the Agent will verify that there is sufficient confirmed order of French Part to be financed by drawing on the Credit Agreement (ratio of 17.50%) in order to respect the allotments specified in Article « Amount and Purpose of the Loan Agreement » ;
- if it is not the case, the Drawing for financing the Brazilian Part will be delayed until the ratio is met.

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ARTICLE 5 - REPAYMENT OF THE PRINCIPAL – INTEREST

5.1 Repayment of the principal

- 5.1.1 The right to repayment arises in favour of the Banks from each Drawing made on behalf of the Borrower in performance of the present Loan Agreement.
- 5.1.2 The Borrower shall repay the Loan as follows:
- Concerning the Tranche A, in equal and consecutive semi-annual instalments, the first one falling due on the Due Date occurring during the first half of the year 2001, and the last one 5 (five) years after the date of signing of this Loan Agreement,
 - Concerning the Tranche B, in 6 (six) equal and consecutive semi-annual instalments, the first one falling due 54 (fifty four) months after the date of signing of this Loan Agreement.

5.2 Interest

- 5.2.1 The Banks' claim in connection with each Drawing shall bear interest at the Interest Rate from the date of this Drawing until full repayment thereof.
- 5.2.2 Two Banking Days prior to the date of each Drawing and prior to the beginning of each half-yearly Interest Period, the Agent shall communicate to the Borrower:
- the Reference Rate ;
 - the Interest Rate applicable to the Drawing concerned.
- 5.2.3 This Interest Rate shall be conclusive and binding save manifest error proved by the Borrower.
- 5.2.4 In order to pool dates of payment of interest, Interest Periods have been defined in Article « Definitions ».
- 5.2.5 For each Drawing on the Loan, interest shall be calculated from the date of this Drawing to the end of the Interest Period, at the rate determined 2 (two) full Banking Days before the date of the said Drawing.
- 5.2.6 More generally, for each six-month Interest Period, interest shall be calculated on the total amount drawn on the Loan at the beginning of this Interest Period at a rate determined 2 (two) full Banking Days before the beginning of this Interest Period.
- 5.2.7 Interest shall be computed on the actual number of days elapsed on the basis of a year of 360 days.
- 5.2.8 Interest shall be paid semi-annually on the last day of each six-month Interest Period, free of any taxes and/or withholdings upon receipt of a statement of interest drawn up by the Agent.
- 5.2.9 Such statement of interest shall be sent by the Agent to the Borrower at the latest 2 (two) weeks before the end of each Interest Period.
- 5.2.10 For each Drawing, the first statement may cover a period of less than six months.
- 5.2.11 In the event of Drawings occurring during the last two weeks of the six-month Interest Period, the Agent will immediately send by fax to the Borrower a supplementary statement of interest corresponding to these Drawings.
- 5.2.12 These interests should be paid 15 days after the sending of this statement.

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5.3 Special provisions regarding the Due Dates

- 5.3.1 Any Due Date not falling on a Banking Day will be delayed to the following Banking Day and shall not entail any modification of the following Due Dates unless such postponement takes that day to the following calendar month, in which case the maturity date of such period will be the last Banking Day of the current month.
- 5.3.2 In such a case, calculation of the interest will be carried out on the basis of the exact number of days of the Interest Period modified accordingly.
- 5.3.3 In the interest of simplification, neither the concerned Due Date nor the amounts will be modified, but the payment will nevertheless be honoured on the modified Due Date as delayed pursuant to the provisions indicated above.
- 5.3.4 One month before the Due Date as changed in this way, the Agent shall send the Borrower a statement indicating the additional amount of interest due from the Borrower on the Due Date.

5.4 Allocation of amounts

- 5.4.1 Any amount received by the Banks from the Borrower under this Loan Agreement for any reason whatsoever shall be allocated first to the payment of expenses, fees and interests on late payments, then to the payment of arrears, interest then principal, in the chronological order of their maturity dates.
- 5.4.2 After allocation of amounts as stated above, and without notification of voluntary prepayment as stated in Article « Voluntary Prepayment » if there is an excess amount received by the Banks from the Borrower in respect with this Loan Agreement, the Agent will notify the Borrower of such event, and the two parties will discuss with a view to agree on the action to take.



ARTICLE 6 - COMMITMENT FEE – MANAGEMENT FEE**6.1 Commitment fee**

- 6.1.1 The Borrower shall pay the Agent, the latter on behalf of the Banks, a commitment fee at the rate of 0,30 % per annum (zero point thirty percent per annum).
- 6.1.2 It will be calculated on the unused amount of the Loan at the beginning of each three-month period, on the exact number of days elapsed on the basis of a 360-day year, the first three-month period beginning on the day of signature of the present Loan Agreement.
- 6.1.3 Any three-month period begun is due.
- 6.1.4 The fee shall be payable quarterly in arrears within 30 days following despatch by the Agent to the Borrower of the corresponding statement.

6.2 Management fee

- 6.2.1 The Borrower shall pay the Agent, on behalf of the Banks, a flat management fee at a rate of 0,85 % (zero point eighty five percent).
- 6.2.2 It will be calculated on the basis of the total Loan amount.
- 6.2.3 It will be payable in totality within 30 days after the date of approval of the present Loan Agreement registration by the Central Bank of Brazil, upon presentation by the Agent to the Borrower of the corresponding statement.




ARTICLE 7 - TAXES - DUTIES – EXPENSES**7.1 Taxes and duties**

- 7.1.1 All existing or future taxes and duties of any kind, as a consequence of the present Loan Agreement legally due in France shall be paid by the Banks.
- 7.1.2 All existing or future taxes and duties of any kind, as a consequence of payments by the Borrower in the account number mentioned in Article « Payment Currency - Domiciliation » of the present Loan Agreement legally due in Brazil, United States of America or in any third country through which payments and/or transfer of payments would be made shall be paid by the Borrower until the payment is received by the Agent in the account number mentioned in Article “Payment Currency – Domiciliation”.
- 7.1.3 Consequently, all payments of principal and interest as well as of fees, interest on late payments and expenses which are due under the present Loan Agreement shall be paid without any deductions or withholdings as provided in Article 7.1.2. Therefore, the Borrower hereby expressly undertakes, should an event as provided in Article 7.1.2. prevent it from making full payment of the amounts mentioned above, to immediately pay the Agent, on behalf of the Banks, the amounts necessary to compensate the effect of the deductions or withholdings so that the Banks should receive an amount equal to the sum it would have received, had no such deductions or withholdings been made.

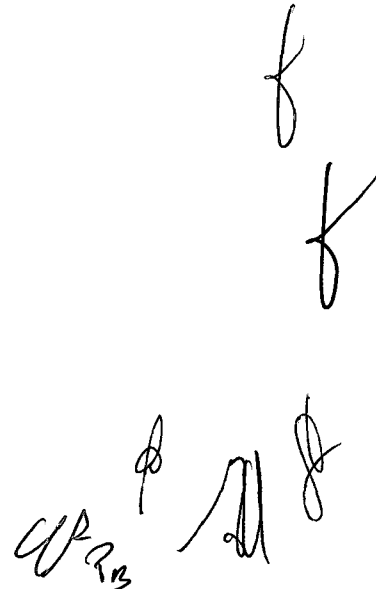
7.2 Expenses

- 7.2.1 The Borrower undertakes to pay directly or to reimburse the Agent, on behalf of the Banks, at the Agent first request, for legal charges and ancillary costs properly incurred and duly justified and documented in connection with :
- preparation, negotiation, signature and set up of the present Loan Agreement, of its Schedules and of any other document relating thereto ;
 - follow-up on the Loan Agreement and any other document relating thereto ;
 - any modification of the present Loan Agreement and any other document relating thereto ;
- 7.2.2 The Banks agree that charges incurred in connection with Article 7.2. will not exceed in any case 0,1 % (zero point one percent) of the total Loan, and will be payable after the date of approval of the Loan Agreement registration by the Central Bank of Brazil.



ARTICLE 8 - BORROWER'S DECLARATIONS

- 8.1 The Borrower declares that :
- 8.1.1 its commitments under the present Loan Agreement are autonomous with respect to the SOFREMI and/or Brazilian Contracts and that their performance may not in any case be affected by any difficulty whatsoever that might arise in relationships between the Buyer and the Supplier and/or Brazilian Supplier in relation to the SOFREMI and/or Brazilian Contracts or in any other connection.
 - 8.1.2 the present Loan Agreement is in regular form, and each of the obligations contained therein constitutes a valid undertaking on the Borrower's part ;
 - 8.1.3 signature and performance of the present Loan Agreement do not violate public order or any law, regulation, decree or judgement applicable to the Borrower ;
 - 8.1.4 it is unnecessary to stamp or record the present Loan Agreement or to pay any fee or to obtain any authorisation whatsoever with the exception related to the registration of the Loan Agreement in the Register of Financial Operation - ROF - System of Central Bank of Brazil and publication of this Loan Agreement in the Official Gazette of the Federal Union and sworn translation (for which the cost will be borne by the Borrower) (a) to ensure validity of the undertakings they contain or (b) to produce these documents before a court in Federative Republic of Brazil and obtain performance thereof ;
 - 8.1.5 this Loan Agreement does not constitute, under the chosen law a contractual consent by the jurisdiction of any court outside Brazil except to the extent necessary to obtain judicial recognition of any arbitral Award including any proceeding required for the purpose of converting an arbitral Award into a judgement. The Borrower has validly waived immunity of (i) jurisdiction in the limits of the provisions stipulated in the above sentence and (ii) execution in the limits of the provisions stipulated in Articles 17.4 and 17.6 ;
 - 8.1.6 it has validly chosen French law to govern its obligations under the present Loan Agreement ;
 - 8.1.7 it has full power to execute and perform its obligations under the present Loan Agreement ;
 - 8.1.8 the execution, delivery and performance of its obligations under the Loan Agreement and the other documents relating thereto whatsoever nature, do not contravene or conflict with any provision of the Constitution of the Republic of Brazil.
 - 8.1.9 any dispute under the present Loan Agreement shall be referred to arbitration.
- 8.2 The above declarations are considered as being renewed by the Borrower at the time of each Drawing.

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ARTICLE 9 - BORROWER'S UNDERTAKINGS

As long as the Borrower is a debtor or could be a debtor to the Banks by virtue of the present Loan Agreement, it undertakes:

- 9.1 to obtain and renew all authorisations required to carry out its obligations in connection with the present Loan Agreement, ;
- 9.2 to make sure that the Buyer:
 - 9.2.1 obtains and renews all required authorisations to carry out its obligations in connection with the SOFREMI and Brazilian Contracts;
 - 9.2.2 does not modify any provisions of the SOFREMI and Brazilian Contracts concerning, in particular, the parties to the SOFREMI and Brazilian Contracts, the object, the price, the allocation of the said price, the periods for performance and more generally any provision of the SOFREMI and Brazilian Contracts that could have an influence on the conditions of draw down on the Loan without the Banks' prior approval ;
- 9.3 to inform the Agent without delay:
 - 9.3.1 of the occurrence of any event that constitutes or could constitute a case of event of default ;
 - 9.3.2 of the occurrence of any event that could affect the accuracy or modify the declarations made by the Borrower ;
 - 9.3.3 of the occurrence of negotiations initiated with creditors of one of the Borrower's External Liability with a view to delaying payments or restructuring its External Liability which could affect materially the performance of the Borrower's obligations under the present Loan Agreement.
- 9.4 not to revoke or modify the mandate given in the first paragraph of Article "Drawing on the Loan – Payment Instructions by the Borrower" without the formal approval of the Borrower and the Banks (notwithstanding the fact that the Agent will inform the Supplier).

ARTICLE 10 - VOLUNTARY PREPAYMENT

- 10.1 No prepayment may take place before:
Tranche A: 12 (twelve) months of the date of signing of this Loan Agreement,
Tranche B: 52 (fifty two) months of the date of signing of this Loan Agreement.
- 10.2 After this period, if the Borrower wishes to repay all or part of the Outstanding Amount, it shall inform the Agent of this fact in writing at least three (3) months before the scheduled prepayment date. Such a repayment may take place only after approval by the Banks and only on a Due Date, and in an amount equal to at least two semi-annual payments of principal (or to the amount of the Outstanding Amount itself if it is less).
- 10.3 Any written notice of prepayment received by the Agent from the Borrower, shall bind irrevocably the Borrower to make such prepayment on the corresponding Due Date.
- 10.4 The Borrower shall indemnify the Agent, on behalf of the Banks, in particular for any loss duly justified that may result for it from the difference between (i) the interest which the Banks would have earned if the amount had not been prepaid and (ii) the interest which the Banks can obtain by investing the amounts prepaid for the remaining life term of the Loan Agreement according to the Article « Repayment of the Principal - Interest », as calculated by the Banks and notified to the Borrower. Such notice of the Agent shall be conclusive and binding save manifest error proved by the Borrower.
- 10.5 Eight (8) Banking Days before the prepayment date, the Agent shall notify the Borrower in writing as to the amounts due from the Borrower pursuant to the provisions of Articles 10.4 which will have to be paid by the Borrower upon receipt of the said notification.
- 10.6 The practical aspects of the prepayment shall, at the appropriate time and prior to the said prepayment, be defined of a common agreement between the Borrower and the Banks.



ARTICLE 11 - INTEREST ON LATE PAYMENTS

- 11.1 Without prejudice to the provisions of Article "Interruption of the Loan - Event of default" below and without the present clause constituting a waiver of terms of payment, any sum due by the Borrower under the present Loan Agreement shall automatically bear interest from the date on which they become payable and until actual payment, at the rate sets in Article 5.2 increased by 1 (one) percent per annum .
- 11.2 Interest on late payments will be calculated on the basis of the exact number of days elapsed on the basis of a 360-day year.
- 11.3 Interest on late payments will be payable within 15 days after the Agent's first written request.

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ARTICLE 12 - INTERRUPTION OF THE LOAN – EVENT OF DEFAULT

12.1 Should one of the following event occur:

- 12.1.1 The Borrower does not pay, at a Due Date, an amount payable under the present Loan Agreement;
- 12.1.2 The Borrower fails to comply with its obligations and/or does not respect any one whatsoever of the undertakings accepted by it under the terms of the present Loan Agreement;
- 12.1.3 The Borrower is in default under the Credit Agreement and/or KfW Credit Agreement and/or KfW Loan Agreement or the Credit Agreement and/or KfW Credit Agreement and/or KfW Loan Agreement is (are) cancelled, terminated, or Drawings are suspended;
- 12.1.4 A declaration made by the Borrower in the present Loan Agreement or a document supplied by the Borrower in application thereof is or becomes inaccurate or incomplete ;
- 12.1.5 If the Borrower is the object of one or several judicial proceedings concerning its External Liability which result could affect, in a significant manner, its financial situation or interferes with the proper execution of the Borrower's obligations under the present Loan Agreement;
- 12.1.6 Any decision is made or any event occurs, in the country of the Borrower, or in the third party country where the payments are made, that constitutes or could constitute an obstacle to payment by the Borrower of the amounts due under the present Loan Agreement;

12.2 Then, as a consequence, no further Drawing may take place under the present Loan Agreement, by means of a simple written notice from the Agent addressed to the Borrower, without any other formalities.

12.3 In the occurrence of an event specified in Article 12.1.1, and should such event not have been remedied within a period of 5 (five) Banking Days, the Banks may require immediate repayment of all amounts due by the Borrower under this Loan Agreement by dispatch of a mere notification, by letter to the Borrower at its domicile elected below, without the need to obtain a judgement or for any other formality.

12.4 In the occurrence of any other event mentioned above, the Borrower and the Banks will have 45 days after the above-mentioned written notice to consult each other with a view to finding a common position on the issue. Should an agreement not be reached in this time-frame, the Banks may cancel all undisbursed amounts or require immediate repayment of all amounts due by the Borrower under this Loan Agreement by dispatch of a mere notification, by letter to the Borrower at its domicile elected below, without the need to obtain a judgement or for any other formality.

12.5 In no event may any delay in exercising the Banks' right to require advance repayment be interpreted as a waiver of this right.

12.6 Furthermore, it is stipulated that the Borrower shall be liable for any duly justified financial loss incurred by the Banks and shall, therefore, be bound to reimburse all the expenses and costs incurred by the latter, as a result either of the cancellation of all undisbursement amount or of the immediate repayment of all outstanding debt. The notice of the Agent stating the said costs and expenses shall be conclusive and binding save manifest error proved by the Borrower.

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ARTICLE 13 - NEW CIRCUMSTANCES

- 13.1 The Loan Agreement is based on the economical, financial, national and international conditions, and on the legal tax, monetary and professional provisions prevailing at the date of its coming into force in the countries of the Banks and the Borrower.
- 13.2 In the event of any change of these conditions or provisions or in the interpretation thereof, by any competent authority, whether the said provision or authority be French, European or foreign, and being of compulsory compliance to the Banks, the effect of which would mainly be :
- 13.2.1 to make unlawful any of the provisions of this Loan or,
- 13.2.2 generally to impose any new charge on the Banks in connection with the Loan,
- 13.2.3 any new requirement relating to reserves in respect of credits or,
- 13.2.4 modification of applicable exchange control or tax regulations.
- 13.3 Then, the Drawings shall be suspended and the following provisions will apply :
- the Agent shall promptly notify the Borrower. Such notification shall, if applicable, state the estimated amount of the additional costs and of the corresponding indemnification.
 - the Banks will consult with the Borrower with a view to agreeing the basis to continue with this Loan Agreement by, as the case may be but without limitation, endeavouring to transfer the Participation of the Banks to other banking institution which are not affected by the above mentioned circumstances,
 - if no such agreement is reached within 60 (sixty) days following receipt by the Borrower of the above mentioned notification, then, the Borrower will have the option :
 - to bear in full the additional duly justified costs in order to maintain the Loan, or
 - in case of 13.2.1 to prepay all amounts due by the Borrower under this Loan Agreement, or
 - in case of 13.2.2, 13.2.3 or 13.2.4 to prepay all amounts due by the Borrower under this Loan Agreement, including all duly justified expenses and costs incurred by the Banks as a result of the immediate repayment of all outstanding debt.



ARTICLE 14 - PAYMENT CURRENCY – DOMICILIATION

- 14.1 All amounts due by the Borrower under the present Loan Agreement shall be paid in US Dollars, on their Due Date without set off or counterclaim, by crediting the account opened at the :

BNP PARIBAS NEW YORK Branch
 Word Financial Centre 200 Liberty Street
 NEW YORK, NEW YORK 10.281 (United States of America)
 Telex 824211 BNPWFC - UF D/D
 Account Number : 0200.194.093-001-36.

quoting the reference : COE - GCF - LOAN AGREEMENT SOFREMI / REPUBLIC OF BRAZIL.

- 14.2 Such payments shall be made in order that the funds are available before (eleven) 11 a.m. (place of payment time) on the day they become payable.
- 14.3 For each payment the Borrower shall instruct the bank in charge of the transfer to send by fax a notice to the BNP PARIBAS NEW YORK Branch, three (3) Banking Days before the effective date of payment.
- 14.4 At the same time, the Borrower shall inform the Agent, by fax, of the instructions given to the said bank, quoting the reference of the bank and the transferred amount.
- 14.5 Failure to receive the Borrower's fax within the delay stipulated in Article 14.3 could bring about late payment interest charges for a minimum of two (2) Banking Days even if the amount due was paid on the maturity date. This notice shall be sent to :

BNP PARIBAS
 GSCI - Gestion des Crédits Financiers
 Telex n° 290181
 Fax n° 33.1.40.14.77.85

quoting the reference : LOAN AGREEMENT SOFREMI / REPUBLIC OF BRAZIL.

- 14.6 In case the Agent wishes to modify the above instructions of payment, it will fax the new instructions to the Borrower with a ten (10) Banking Days notice.
- 14.7 The Borrower hereby agrees to implement any new instructions which may be given, upon receipt of the fax if it does not impose additional costs.
- 14.8 Only payment made in transferable US Dollars into the Agent's (on behalf of the Banks) funds in place of payment shall constitute a discharge.
- 14.9 Without prejudice to the foregoing, if (a) a payment connected with the present Loan Agreement is made to the Agent, on behalf of the Banks, or if amounts are collected by it in a currency other than the US Dollar and (b) if after conversion into US Dollars from the said other currency and transfer of those US Dollars, the amount is less than the debt in question, the Borrower undertakes to pay the exact difference to the Agent, on behalf of the Banks, at its first request.

ARTICLE 15 - MISCELLANEOUS

15.1 Non-waiver

The Banks shall not be considered as having waived the rights it holds under the present Loan Agreement because of not having exercised the said rights, having exercised them in part or late, or having exercised only one of them.

15.2 Partial nullity or partial impossibility of performance

15.2.1 The fact that one of the stipulations of the present Loan Agreement is declared to be void or impossible to perform by any court whatsoever shall not in any way affect the validity or the possibility of performance of the other stipulations of the present Loan Agreement.

15.2.2 Any stipulation of the present Loan Agreement which could be impossible to be performed, shall, insofar as possible, be carried out by the Borrower and the Banks in accordance with the spirit of the present Loan Agreement.

15.3 Non-dispute :

All statements or other certificates drawn up by the Agent on behalf of the Banks within the framework of the present Loan Agreement with respect to the amounts due from the Borrower to the Banks for any reason whatsoever shall bind the Borrower definitively without any possibility of dispute, except in case of material error.

15.4 Modifications :

Any modification of the present Loan Agreement shall have to be covered by a written agreement between the Borrower and the Banks.

15.5 Appendices :

The Appendices to the present Loan Agreement constitute an integral part thereof.

15.6 Language

15.6.1 The language of the present Loan Agreement and of its Schedules as well as any correspondence to follow is English. If translations into other languages are necessary, only the English text shall be authoritative.

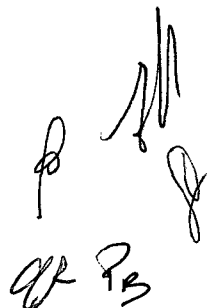
15.6.2 All documents, authorisations or other items to be delivered to the Banks within the framework of the present Loan Agreement and the originals of which are not in the English language shall have to be accompanied by a translation emanating from the sworn translator if the Banks requests this.

15.7 Communication :

The Agent shall be entitled to give information to the competent French or European Authorities or to KfW in connection with the conclusion and implementation of the present Loan Agreement. The Agent shall be authorised to give information about the present Loan Agreement to international organisations entrusted with the collection of statistical data, particularly in connection with debt servicing, provided that such information has been published.

15.8 Transfer of rights and obligations

- 15.8.1 The Borrower shall not assign or pledge any rights or transfer any obligations arising from the present Loan Agreement without prior written consent of the Agent, acting on behalf of the Banks.
- 15.8.2 Each Bank may, at any time, on the sole condition of having informed the Agent and the Borrower thereof, transfer all or part of its rights and obligations resulting from the Loan Agreement to any bank, whether or not it is a party to the Loan Agreement.
- 15.8.3 Should a Bank fail with its obligations under this Loan Agreement, it will try as much as possible to transfer its rights and obligations to another bank.



ARTICLE 16 - COMMUNICATIONS

16.1 All communications in connection with the present Loan Agreement between the Borrower and the Agent, on behalf of the Banks, shall be carried out by swift, fax confirmed by simple letter, international rapid mail, by registered letter with receipt, or shall be delivered personally in exchange for a receipt to the following addresses :

with respect to the Borrower :

MINISTRY OF FINANCE OF BRAZIL

Ministerio da Fazenda
Procuradoria-Geral da Fazenda Nacional
Esplanada dos Ministérios Bloco P, 8 andar, sala 819
70048-900 - BRASILIA - DF - BRASIL

Fax : 55.61.412.17.40

– with copy to the Buyer :

DEPARTAMENTO DE POLICIA FEDERAL - DPF

Setor de Autarquias Sul
Quadra 06 – Lotes 09/10
70.070-000 – BRASILIA – DF - BRASIL

Attention : Coordenação de Planejamento e Modernização

Fax number : 5561 311.8058

with respect to the Agent :

BNP PARIBAS

B.F.I. - COMMERCE INTERNATIONAL
Les Collines de l'Arche - Immeuble BNP
Quartier de la Grande Arche - La Défense
75450 PARIS CEDEX 09

Montage des Crédits
Telex 281.650
Fax n° 01 40.14.79.50

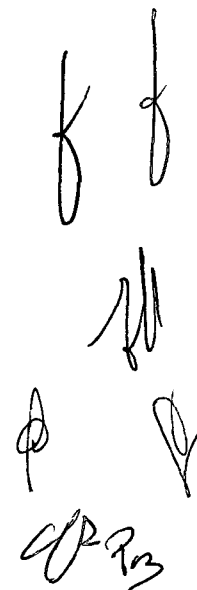
Any change of address shall have to be communicated according to the forms laid down in the present Article.

16.2 Any communication made pursuant to the forms provided for in Article 16.1 shall become effective as of the time of receipt thereof by the addressee.

16.3 The communications shall be in English.

ARTICLE 17 - GOVERNING LAW – ARBITRATION

- 17.1 The present Loan Agreement is governed by French law.
- 17.2 All disputes relative to the validity, construction or performance of the present Loan Agreement to which no friendly solution can be found shall be definitively settled in accordance with the Conciliation and Arbitration Rules of the International Chamber of Commerce by three arbitrators appointed pursuant to the said Rules. The arbitration shall take place in Paris and shall be in French.
- 17.3 This Loan Agreement does not constitute, under the chosen law a contractual consent by the jurisdiction of any court outside Brazil except to the extent necessary to obtain judicial recognition of an arbitral Award including any proceeding required for the purposes of converting an arbitral Award into a judgement.
- 17.4 The Borrower has no right of immunity from suit, execution, or any other legal process with respect to its obligations under this Loan Agreement in any competent court in the Borrower's Country, except for the limitation on the alienation of public property provided for in Article 67 of the Civil Code of the Borrower's Country, provided that the execution of a judgement against, and the satisfaction of a judgement by, the Borrower in the Borrower's Country may be only in accordance with Article 100 of the Constitution of the Borrower's country and the procedures set forth in Article 730 et. seq. of the Civil Procedure Code of the Borrower's Country (which Articles set forth the procedures pursuant to which such judgement must be satisfied by the Borrower, including the requirements that such judgement be registered for inclusion in the budget for payment in a subsequent fiscal year of the Borrower and that payment in respect of such judgement be made through the court that rendered such judgement).
- 17.5 Arbitration proceedings undertaken pursuant to this Article, including any judicial proceedings for the conversion of any arbitral award into a judgement, the Borrower hereby irrevocably agrees that any such process or summons may be served upon it, pursuant to Article 35, Section 1 of Supplementary Law n° 73 of February 16, 1993, by delivery to the Attorney General of Brazil (Advogado Geral da Uniao), Palácio do Planalto, Esplanada dos Ministérios, Anexo 1, Brasília-DF, Brasil, as its authorised agent (the « Authorised Agent ») upon whom any such process or summons may be served, of letters rogatory or by any other means permissible under French law.
- 17.6 The Borrower hereby agrees that in any arbitration proceedings or judicial proceedings related to any such arbitration proceedings including any proceedings for the conversion of any arbitral award into a judgement under this Article, it will not raise any defence that it could not raise but for the fact that it is a sovereign state in the limit of the provisions of paragraph 17.4.
- 17.7 The Borrower undertakes to pay directly or to reimburse the Banks, at the Agent first request, legal charges and ancilliary costs properly incurred and duly justified and documented in connection with arbitration, legal proceedings or judicial inquiries made necessary and recognized by the concerned arbitral or judicial courts as a default by the Borrower of its obligations under the present Loan Agreement.

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ARTICLE 18 - AGENT

- 18.1 Each Bank hereby irrevocably appoints the Agent to act as its agent in connection herewith and authorises the Agent to take such action and exercise such power necessary for execution and performance of this Loan Agreement.
- 18.2 Save as specifically provided to the contrary in this Loan Agreement, the Agent shall not be obliged to take any action unless it is instructed to do so by the Majority of Banks.
- 18.3 The Agent shall be entitled without being liable in this respect, to take all protective measures it would think appropriate to protect the Banks' interest hereunder.
- 18.4 However nothing herein contained shall be construed as granting to the Agent the power to prosecute or compromise any legal claim or proceedings in the name of each Bank without the prior written consent of the same.
- 18.5 Neither the Agent in its capacity as such nor any of its officers, directors, employees or agents shall be under any liability whatsoever to the Banks save in case of gross negligence or wilful misconduct.
- 18.6 The Banks agree to indemnify the Agent to the extent not reimbursed by the Borrower hereunder ratably according to their respective Participation against all expenses, losses or damages of any kind which may be incurred or sustained by the Agent in connection herewith or with its duties hereunder unless caused by its gross negligence or wilful misconduct.
- 18.7 In the event that any Bank shall have received any sum in connection with this Loan Agreement whether by voluntary payment by the Borrower, or otherwise which would exceed its Participation in the Borrower's payments, such Bank shall return such sum to the Agent which shall distribute it prorata among the Banks.
- 18.8 In the event that the Agent shall have transferred to any Bank an amount which it has in fact not received from the Borrower, such Bank shall immediately upon receipt of the Agent's notification, refund such amount together with related interest.
- 18.9 All relationship between the Banks and the Agent shall be governed by French Law.

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ARTICLE 19 - COMING INTO FORCE

The present Loan Agreement comes into force on the day of signature.

Vo pour certification
de la signature
de M. Frédéric GENET
apposée ci-dessous
Paris, le 12 Août 2001

[Handwritten signature]

M^e Claudine SAVARY
Notaire à PARIS, certifie
véritables les signatures
apposées ci-dessous
de M^{rs} Philippe BLAVIER,
Philippe PENEL et Louis
CAVIGNAC

Signed in Paris
on August 11, 2000

[Handwritten signature]

In as many originals as the parties to this Loan Agreement

For : **THE REPUBLIC FEDERATIVE OF
BRAZIL** represented by
MINISTRY OF FINANCE OF BRAZIL

Name : Ilôis de Almenche Freitas Portella Nunes
Designation : Procuradora de Fazenda Nacional

[Handwritten signature]

For : **BNP PARIBAS**

Name : Philippe BLAVIER
Designation : Head of Investment Banking

For : **SOCIETE GENERALE**

Name : Frédéric GENET
Designation : Head of Export Finance

For : **CREDIT AGRICOLE INDOSUEZ**

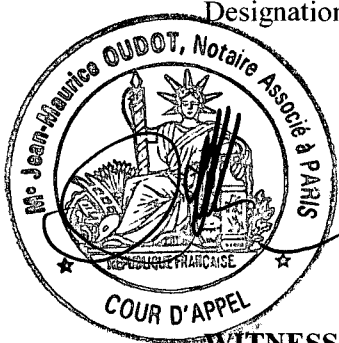
Name : Louis CAVIGNAC
Designation :

For : **CREDIT COMMERCIAL DE FRANCE**

Name : Philippe PENEL
Designation :

For : **CREDIT LYONNAIS**

Name : Edith Chomentowska
Designation :



[Handwritten signature]

Je soussigné M^e Jean-Maurice OUDOT
Notaire associé à Paris 8^e rue La Boétie
N^o 7/9 certifie la signature apposée
ci-dessus de Mme Edith CHOMENTOWSKA

WITNESS: Patricia LORET
[Handwritten signature]

WITNESS: Gonzalo Nello Mourão
[Handwritten signature]

[Handwritten initials]

LIST AND PARTICIPATION OF THE BANKS

<u>Name</u>	<u>Participation</u>
BNP PARIBAS	USD 20.983.972,50
SOCIETE GENERALE	USD 8.929.350,00
CREDIT AGRICOLE INDOSUEZ	USD 7.143.480,00
CREDIT COMMERCIAL DE FRANCE	USD 4.464.675,00
CREDIT LYONNAIS	USD 3.125.272,50

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SCHEDULE B**DOCUMENTS TO BE PRESENTED BY THE SUPPLIER AND/OR THE BORROWER
TO THE AGENT
AND PAYMENT CONDITIONS**

The amount of the Loan Agreement, (i.e. USD 44.646.750,00), as defined in Article « Amount and Purpose of the Loan Agreement » of the present Loan Agreement, will be paid to the Supplier and/or the Borrower himself, against presentation to the Agent of the following documents :

For the French Down Payments, up to a maximum amount USD 29.646.750,00:

In according to the schedule specified in the Amendments n°01/98, n°02/98 and n°03/98 to SOFREMI Contract.

- 1- original of the requisition for down payment bearing the references of the SOFREMI Contract and of the relevant financial contract(s) to be disbursed, duly signed by the Buyer's representative

For the Brazilian Part, up to a maximum amount USD 15.000.000,00:

- 1- copy of the commercial invoice(s) issued by the Brazilian Supplier ;
- 2- request(s) signed by the Borrower's representative;
- 3- a confirmation from the Buyer's representative(s) in Brasilia (duly authorised signature) that the goods and/or services performed and to be paid, are connected with the purpose of the SOFREMI Contract and its Amendments n°01/98, n°02/98 and n°03/98.

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SCHEDULE C**MODEL OF LEGAL OPINION TO BE ISSUED BY THE BORROWER'S LEGAL ADVISOR
CONCERNING THE LOAN AGREEMENT****BNP PARIBAS**16, Boulevard des Italiens
75009 PARIS - FRANCEAttention :
B.F.I. - COMMERCE INTERNATIONAL
Montage des Crédits
(date)

Gentlemen,

As, our opinion has been requested concerning the loan agreement (hereinafter the "Loan Agreement") signed on between THE REPUBLIC FEDERATIVE OF BRAZIL represented by MINISTRY OF FINANCE OF BRAZIL (hereinafter designated as the "Borrower") and BNP PARIBAS,, and(hereinafter designated as the "Banks"), BNP PARIBAS acting as « Agent » for the Banks, by which the Banks grant a credit to the Borrower of a maximum amount of USD (..... US Dollars) subject to the provisions of Article « Amount and Purpose of the Loan Agreement » of the Loan Agreement to finance:

- up to a maximum amount of USD..... (..... US Dollars) corresponding to the French Down Payments of the commercial contract n° 021/98 – CCA/DPF signed on March 31, 1998 and its Amendments n° 01/98, n°02/98 and n°03/98 between the (hereinafter designated as the "Buyer") and SOFREMI S.A (hereinafter designated as the " Supplier") for (hereinafter the "SOFREMI Contract") ;
- up to a maximum amount of USD..... (..... US Dollars) corresponding to of commercial contracts already signed or to be signed between..... (hereinafter designated as the "Buyer") and Brazilian suppliers (hereinafter designated as the "Brazilian Supplier") for (hereinafter the "Brazilian Contract(s)").

This opinion is issued to you in accordance with Article "Conditions precedent" of the Loan Agreement.

The terms appearing with a capital letter have the meaning given to them in the Loan Agreement.

I have examined originals or copies identified to my satisfaction of such documents and legal instruments of the Borrower as I have deemed appropriate. Based upon the forgoing, I am of the opinion that :

- (1) Pursuant to the Borrower's law, Mr. was validly authorised to sign the Loan Agreement.
- (2) All necessary Approvals needed for the Borrower's performance of its obligations under the terms of the Loan Agreement and necessary to make all required payments in US Dollars under this Loan Agreement have been obtained and are binding and enforceable and in full force and effect.
- (3) Based on a legal opinion of the Ministry of Justice's and/or the Buyer's legal advisor, the Buyer has obtained all permits, licenses, or authorisations necessary for signing and performing the SOFREMI and Brazilian Contracts.
- (4) The Loan Agreement is in regular form, and each of the obligations contained therein constitutes a valid undertaking of the Borrower legally enforceable against the Borrower in accordance with its terms.

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- (5) The signature and performance of the Loan Agreement as well as the decision to borrow itself are not contrary to any law or regulation, decree, or order adopted in the Borrower's country.
- (6) It is unnecessary to file, register or otherwise record the Loan Agreement in any court, public office or elsewhere in the Borrower's country or to pay any stamp, registration or similar tax on or in relation to this Loan Agreement to ensure validity, legality, effectiveness, enforceability or admissibility in evidence thereof, except for the approvals, registrations and other actions referred to in Article 8.1.4. of the Loan Agreement.
- (7) It does not contravene any law of the Borrower's country, that the Borrower commits itself to make all payments under this Loan Agreement without any deduction or withholding.
- (8) The Banks shall not in any case be considered as resident of, domiciled in or carrying on a business or subject to taxes in the Borrower's country because of the signature or performance of the Loan Agreement.
- (9) The Borrower has no right of immunity from suit, execution, or any other legal process with respect to its obligations under this Loan Agreement in any competent court in the Borrower's Country, except for the limitation on the alienation of public property provided for in Article 67 of the Civil Code of the Borrower's Country, provided that the execution of a judgement against, and the satisfaction of a judgement by, the Borrower in the Borrower's Country may be only in accordance with Article 100 of the Constitution of the Borrower's country and the procedures set forth in Article 730 et. seq. of the Civil Procedure Code of the Borrower's Country (which Articles set forth the procedures pursuant to which such judgement must be satisfied by the Borrower, including the requirements that such judgement be registered for inclusion in the budget for payment in a subsequent fiscal year of the Borrower and that payment in respect of such judgement be made through the court that rendered such judgement)..
- (10) The obligations and liabilities of the Borrower under the present Loan Agreement shall rank at least *pari passu* in right of payment with all of its other unsecured liabilities denominated in a currency other than the lawful currency of Brazil..
- (11) The Borrower has validly chosen French Law to govern its obligations under the Loan Agreement and assigned jurisdiction in the Loan Agreement to an arbitration court.

Any award of an arbitral tribunal will be recognised and enforceable against the Borrower in the Federal Courts of Brazil without re-examination of the merits if such award is ratified by the Brazilian Supreme Court. Such ratification can be obtained if such award :

- fulfills all formalities required for the enforceability thereof under the laws of the country where the same was granted;
 - was issued by a competent arbitral tribunal after service of such process upon the parties to the action as is required by the rules of such arbitral tribunal;
 - is not subject to appeal;
 - was authenticated by a Brazilian consulate in the country where the same was issued; and
 - is not against the principles of Brazilian public policy as set forth in Article 17 of Decree Law 4, 657.
- (12) Election of domicile provided for in Article « Governing Law – Arbitration » of the Loan Agreement meets the legal requirements for serving procedural documents under the law of Brazil.

I am qualified to practice law in Brazil and I do not express any opinion herein concerning any law other than the law of Brazil.

Very truly yours,

Attorney General of the National Treasury of
the Federative Republic of Brazil

The bottom right corner of the page contains several handwritten signatures and initials. There are two large, stylized signatures at the top right, and below them, several smaller initials and signatures, including one that appears to be 'B3' and another that looks like 'AP'.